



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1804 (1951)

SEP 29 1988

SUBJECT: FmHA Program Management and Servicing
Goals Through June 30, 1989

TO: State Directors

Purpose/Intended Outcome

This AN establishes goals for FmHA's loan and grant servicing and loanmaking activities for the period July 1, 1988-June 30, 1989. It also sets forth specific lending and servicing policies for FmHA's various loan programs.

Comparison with Previous AN

This AN replaces FmHA AN 1664 (1951) dated October 23, 1987, which expires on September 30, 1988.

Implementation Responsibilities

State Directors and Program Chiefs should immediately review the goals which have been set and make plans for training, implementing, and measuring the results of these efforts. This should be done using management plans, training schedules, and performance elements and standards.

Servicing and Supervision

These functions will continue as a priority in program management. Very good progress in reducing delinquency has been made and recognition is acknowledged for those people in the County, District, and State Offices showing such improvements. Portfolio sales, the Discount Purchase Program and graduations have dramatically changed the complexion of the caseload to be serviced. However, we expect State Directors to make even further delinquency reductions in most program areas by making the most effective and efficient use of personnel resources and approved contracting services. FmHA has a loan portfolio of \$58.5 billion with \$9.11 billion being delinquent, as of June 30, 1988. Proper loan servicing also means borrower counseling, proper accounting for security property, financial analysis, interest credit renewal, and consideration for graduation.

EXPIRATION DATE: September 30, 1989

FILING INSTRUCTIONS: Preceding
FmHA Instruction 1951-A



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Property Management

A main area of emphasis this year is reduction of SFH inventory. More especially are we pushing for reduction in the time nonprogram houses are held. Recent revisions to FmHA Instruction 1955-C and 1965-C provide tools for more aggressive marketing and a means of not acquiring as many houses. The Acquired Property Tracking System provides a prime means of knowing the length of time each house in your State has been in inventory. Another significant tool is the prudent use of your contracting authorities outlined in FmHA Instruction 2024-A. State Directors should see that these tools are aggressively used. With a substantial inventory of farms as well, attention must also be given to effective management of that farm property in order to protect the Government's financial interests. This includes adequately securing and maintaining the property to retain its value in situations where aggressive marketing cannot be pursued due to required servicing actions being taken.

Loanmaking

Each State Director is expected to use available program funds, personnel resources, and approved contract services in line with sound loanmaking practices to provide financial assistance in rural areas. This requires coordinating the various programs to compensate for cyclic processing demands of some programs as well as seasonal construction activity. We should diligently continue our efforts to make contact with other financial lenders as we expand the use of guaranteed lending programs and rely less on (direct) insured loan programs.

Loan programs which support the Administration's Rural Development priorities must be emphasized and given special attention. Sound Business and Industry (B&I) loans which yield the greatest employment/cost benefit and improve the economies of rural communities should be stressed. Job opportunities for farm family members are especially important at this time. Streamlined processing procedures for B&I and the new FmHA Instruction 1942-C will permit you to give expedited service to loan applicants.

Guaranteed Farmer Program loans will help ensure that adequate financing is available to farmers and that the private sector is actively involved. Housing loans for low and very low income families and loans for well designed and located rental properties serving all segments of the lower income population will make a balanced contribution to rural America.

Environmental Program

The Memorandum of Understanding with the Fish and Wildlife Service should be vigorously pursued as one of the ways FmHA can meet its obligations to protect and enhance wetlands on farms in inventory. As soon as final regulations are issued to implement new Farm Bill requirements, conservation easements can also be used as a servicing tool for delinquent borrowers. Acquired properties must also be monitored for hazardous waste problems. You should continue to foster the technical assistance available through your hazardous waste technical support network established in response to last years AN.

2. Report Code 822B, Annual Pre-Offset Address Request Report. This report lists each of the matches between FmHA's list of delinquent borrowers and IRS files and provides an address for the borrower as shown in the Finance Office accounting system, and if the IRS address is correct, the County Office will update the borrower's record in the Finance Office accounting system using the field office terminal system. This report will list many borrowers not shown on the eligible borrower list because of additional Finance Office screening after the initial submission to IRS.

A copy of the list of borrowers eligible for offset will be kept by each field office. Field offices must ensure that accounts recommended for offset are updated immediately to reflect any of the above exclusion criteria (1-13).

On approximately October 11, letters will be mailed to borrowers informing them of the potential offset. At that time, each field office will receive a list of borrowers who were sent letters. The AN transmitting that list will provide additional information concerning the removal for reasons that are not reflected in information provided to the Finance Office, such as becoming a Federal employee. A description and samples of the reports that field offices will receive will also be included.

Please call Bob Nelson at 202-475-4705 (FTS 475-4705) with any questions. Field offices with questions related to transaction processing procedures for correcting borrowers' name, addresses or SSNs on Finance Office records may contact their State Automated Data Processing Coordinator or designee.



VANCE L. CLARK
Administrator

Attachments

FARMER PROGRAM MANAGEMENT AND SERVICING
GOALS THROUGH JUNE 30, 1989

LOAN SERVICING

FmHA personnel must make every effort to help farmers resolve their financial problems. County Supervisors and District Directors must fully utilize all appropriate servicing and supervisory tools to assist borrowers to succeed.

- A. The Agricultural Credit Act of 1987 has expanded Farmers Home Administration authorities to resolve delinquent Farmer Program borrower financial problems. The legislation established very specific time frames in which the Agency must begin and complete requests for servicing actions. Every resource available will need to be utilized in order to accomplish the increased workload in field offices on a timely basis. This includes the utilization of contract services. The National Office has developed two computerized programs (DALR\$ and SENT) to assist in meeting these critical time frames. It is essential that these programs be used to meet the objective of completing the assigned tasks. This is an opportunity to resolve the delinquent and problem farmer program accounts. We will be closely monitored by Interest Groups, OIG, and Congress to assure that the job is done consistent with regulations and within the time frames established in the legislation. Failure to accomplish the task as set forth in regulations and in the full spirit of the law can result in future court actions which may prevent the Agency from providing the servicing actions necessary to assist borrowers to resolve their financial difficulties.

A specific goal on accomplishments relating to carrying out the Agricultural Credit Act of 1987 is not established because of specific performance criteria in the legislation and regulation, but progress will be monitored by the National Office through Farmer Program management reports and special reviews.

- B. By June 30, 1989, each State Office will reduce the number of its Collection Only (CO) accounts by 80% of the total unduplicated number, noted on the quarterly Report Code (RC) 643, dated as of June 30, 1988. Any account reclassified to CO status, prior to June 30, 1989, will be counted as a CO account when determining goal achievement.

Goal achievement will be monitored by dividing the number of CO accounts, reported on RC 643, on June 30, 1989, by the number of accounts reported on the June 30, 1988, RC 643.

CREDIT QUALITY

State Directors or their designee(s) will post review 15% of all annual and interim farm budgets used as a basis for Farmer Program loans approved in the County Offices. This includes (initial and subsequent) Insured and (initial and subsequent) Guaranteed Farmer Program loan advances approved by county officials from September 1, 1988, through June 30, 1989. Samples will be obtained from Form FmHA 1905-4. The first loan approved and every sixth loan approved, thereafter, will be reviewed.

The primary purpose of this review will be to analyze the 12 month farm budget, (for Insured loans required in Section 1924.57 (b) of FmHA Instructions 1924-B and Section 1941.14 of FmHA 1941-A for annual production loans to delinquent borrowers and for Guaranteed loans Section 1980.113 (d) for Regular and Section III A of Exhibit A of FmHA Instructions 1980-B for ALP loans. For ALP loans, the annual farm budget will be either the appropriate Form FmHA 1980-25, Form FmHA 449-12, Farm and Home Plan or other farm budgets in the county file. If only Attachment 3 of Exhibit A of FmHA Instructions 1980-B is in the file, a visit to the lender will be necessary.), to determine if a feasible plan existed at the time the loan was approved.

The semi-annual reports to the National Office will include the unduplicated borrower or applicant farm budget review count, since some applicants or borrowers could have received several types of FmHA loans. We recommend that the District Director obtain the data for the unduplicated semi-annual reporting requirements from their respective County Offices from Forms FmHA 1905-4 "Application and Processing Card-Individual." District Directors will forward the information to the State Offices, who will complete a report to the National Office.

LOAN MAKING

The objective is to provide as much credit as possible to farmers from other sources. This objective includes existing borrowers and new applicants. Farmer Program funding levels for fiscal year 1989 will continue to require the shift toward guaranteed loans to provide the credit needs of farmers who are unable to

get credit with or without a guarantee. Every effort possible must be made to get first time applicants financed with guaranteed loans. Insured funds should be used judiciously for only essential operating purposes. Refinancing of debts should only be done with the guaranteed authorities or when it is absolutely necessary to develop a feasible plan to keep a farmer in business. This will require careful planning and documentation on Form FmHA 1962-1 of payments to be made to other creditors. Roll-over of annual production loans is strictly prohibited. Congress authorizes funding levels and roll-overs have the effect of providing more government assistance than authorized by Congress.

The new regulations require documentation in borrower case files of the inability to obtain a guaranteed loan as a part of the test for other credit. The objective is to conserve limited insured funds for those borrowers and applicants that are truly in need of insured funds after all sources of credit have been explored including a guaranteed loan.

- A. Each State will limit its use of insured loan funds for Fiscal Year 1989 to the amount of the insured funds initially allocated to the State. The objective of this goal is to insure that each state make a concerted effort to provide applicants and borrowers 1989 credit needs through the use of the guaranteed program, subordination authorities and Emergency loan authorities to eligible applicants in designated areas.

The goal will be monitored by using RC 205.

- B. Each state will obligate all of the FY 1989 FO funds allocated for Socially Disadvantaged (SDA) groups by June 30, 1989.

This goal will be monitored by using RC 205C. The (SDA) FO dollars obligated will be divided by the (SDA) FO dollars allocated to determine the goal achievement.

- C. One-hundred percent of all active, unduplicated, Farmer Program borrowers using funds for operating purposes will have an automated Farm and Home Plan completed by June 30, 1989. We suggest that the following method be used to determine this number:

On February 15, and July 8, 1989, the State Offices will report to the National Office, using Exhibit A, the total number of borrowers using an automated Farm and Home plan.

On January 31, and June 30, 1989, each County Office should determine the number of borrowers using an automated Farm and Home plan. This is easily accomplished by typing the following at the UNIX prompt:

```
cd (space) /usr/sp_datafiles/fhp
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Hit return. Then type:

```
ls (space) -l (space) | (space) lp
```

The designated printer will print a list of all FP borrowers using the automated Farm and Home Plan. The County Office should count the number of rows listed on the output. Count only those farm plans with dates after the new system is loaded. This number will be forwarded to the State Office for submission of a combined report to the National Office.

The total number of borrowers, with an automated Farm and Home Plan, will be divided by the total number of Active Borrowers, listed on the September 1, 1988, RC 541 report. This will determine the percentage of borrowers with an automated Farm and Home Plan.

FARM PROPERTY MANAGEMENT

The acquisition, management and sale of FmHA farm inventory properties must continue to be administered in a manner that is in the best interest of the Government while taking into consideration the expanded authorities set forth in the Agricultural Credit Act of 1987 Regulations.

- A. The goal is to reduce the number of acres of inventory property to 50% of the September 1, 1988, level by June 30, 1989. Any additional acres acquired will be counted against the goal.
- B. The targeted state participation rate for inventory property sales and leases to members of Socially Disadvantaged (SDA) groups is listed in Exhibit B. The goal is to sell and/or lease inventory farms, at or above the targeted rate, to members of these groups. The number of inventory farms sold or leased to members of Socially Disadvantaged groups will be divided by the total number of farms sold or leased to determine goal achievement.

The goal will be monitored by using RC 597 or RC 593. The June 30, 1989, acreage in inventory will be divided by the September 1, 1988, acreage in inventory to determine goal achievement.

- C. All Farmer Program inventory property is to be classified by the county committee as either suitable or surplus. The revised classifications, when made by the committee, must be properly reported to the Finance Office on or before January 1, 1989. You are strongly encouraged to make full use of contracting authorities, to the greatest extent possible, to have all inventory property properly classified on or before January 1, 1989.

Using Exhibit A, each State Office will report, semi-annually, the number of inventory properties classified by the County Committee.

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FARMER PROGRAM MANAGEMENT AND SERVICING GOALS
THROUGH JUNE 30, 1989

This report should be received by the National Office, Farmer Programs, Program Development Staff (Telemail Box NO.PDS) on February 15, 1989, and July 8, 1989. Responses to question 1 should be cumulative. Responses to questions 2, 3, and 4 should not be cumulative. Only include the activity occurring September 1, 1988, to January 31, 1989, and February 1, 1989, to June 30, 1989.

STATE: _____

DATE PREPARED: _____

1. Total number of active, unduplicated, Farmer Program borrowers with an automated Farm and Home Plan.

Total
AS OF: 01/31/89

Total
AS OF: 06/30/89

2. Number of Guaranteed Loans, approved between September 1, 1988 and June 30, 1989, post reviewed.

Between 9/01/88
and 01/31/89

Between 2/01/89
and 06/30/89

3. Number of inventory farms classified by the county committee.

Between 9/01/88
and 01/31/89

Between 2/01/89
and 06/30/89

4. Post review of farm budgets.

- a.) Number of Annual/Interim Farm Budgets completed during period.

INSURED
LOANS
9-1-88 to
1-31-89

GUARANTEED
LOANS
9-1-88 to
1-31-89

INSURED
LOANS
2-1-89 to
6-30-89

GUARANTEED
LOANS
2-1-89 to
6-30-89

- b) Number of budgets post reviewed during period.

INSURED
LOANS
9-1-88 to
1-31-89

GUARANTEED
LOANS
9-1-88 to
1-31-89

INSURED
LOANS
2-1-89 to
6-30-89

GUARANTEED
LOANS
2-1-89 to
6-30-89

- c) Number of farm budgets post reviewed that did not have feasible plans.

INSURED
LOANS
9-1-88 to
1-31-89

GUARANTEED
LOANS
9-1-88 to
1-31-89

INSURED
LOANS
2-1-89 to
6-30-89

GUARANTEED
LOANS
2-1-89 to
6-30-89

TARGET U.S. PARTICIPATION RATE
INVENTORY PROPERTY SALES AND LEASES TO SDA GROUPS

STATE	RATE
Alabama	21
Alaska	34
Arizona	39
Arkansas	13
California	20
Colorado	11
Connecticut	3
Delaware	17
Florida	14
Georgia	20
Hawaii	68
Idaho	6
Illinois	2
Indiana	1
Iowa	1
Kansas	3
Kentucky	3
Louisiana	25
Maine	1
Maryland	14
Massachusetts	2
Michigan	3
Minnesota	2
Mississippi	37
Missouri	2
Montana	8
Nebraska	2
Nevada	12
New Hampshire	1
New Jersey	8
New Mexico	57
New York	3
North Carolina	21
North Dakota	5
Ohio	2
Oklahoma	12
Oregon	5
Pennsylvania	2
Rhode Island	2
South Carolina	34
South Dakota	9
Tennessee	6
Texas	22
Utah	7
Vermont	1
Virginia	2
Washington	7
West Virginia	3
Wisconsin	2
Wyoming	7
U.S. TOTAL	10

SINGLE FAMILY HOUSING PROGRAM MANAGEMENT AND SERVICING GOALS
THROUGH JUNE 30, 1989

Introduction

It is important that we continue to set attainable goals to achieve the mission of the SFH program. Goals are established to focus on the following:

- Manage and care for abandoned and inventory properties, and sell inventory, as soon as possible, to maximize the government's recovery.
- Utilize servicing tools such as daily follow-ups, interest credit, moratorium, budgets, partial payment agreement and counseling to assist borrowers in becoming successful homeowners.
- Increase the number of loans made to very low-income applicants.

The reduction of inventory is a major goal in the SFH program during the coming year.

PROPERTY MANAGEMENT

Accomplishments

Twenty seven States met their goals for the reduction of retention time in the sale of SFH program inventory properties and 16 States met their goals for nonprogram properties during the past year. Delaware, Illinois, Iowa, Michigan, Minnesota, Missouri, New Hampshire, New Jersey, North Dakota, Rhode Island and Vermont met their goals in both categories. The SFH inventory level was 10,549 program and 2,614 nonprogram for a total of 13,163 properties on June 30, 1988.

The Acquired Property Tracking System (APTS) is providing regular current information about SFH acquisitions, sales, number of inventories, time in inventory and other similar information. Key ad hoc management and sales reports are being obtained by State Office program staffs via the Database Utility (dbu) on an ongoing basis. This tool has already proven to be valuable in managing inventory properties and expediting their sale. Retention time has been shown to be a good indicator of effective inventory property management. A weekly meeting in each field office is encouraged for all personnel in the office involved with property management activities to review progress and determine priorities for actions to be taken.

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Voluntary Conveyance Policy

Reducing acquisitions reduces the number of inventory properties. FmHA Instruction 1955-A, Section 1955.10 introductory paragraph reads in part: "A voluntary conveyance should be accepted only after all available servicing actions outlined in the respective program servicing regulations have been used or considered and it is determined that the borrower will not be successful. The borrower should also have been encouraged to transfer or sell the property." Section 1955.10(f)(1) reads in part: "The policy is to accept an offer of voluntary conveyance of property securing SFH loans in full satisfaction of the debt regardless of market value of the property if the County Supervisor determines the borrower has cooperated in good faith, satisfactorily maintained the property and otherwise fulfilled the covenants of the loan to the best of the borrower's ability."

A key element in the decision of whether the borrower has cooperated in good faith is the borrower's efforts to sell or otherwise dispose of the property prior to FmHA accepting an offer of conveyance. Therefore, County Supervisors should make every reasonable effort to have borrowers voluntarily liquidate their loans through sale of the property with or without a transfer and assumption of the debt before accepting a voluntary conveyance.

County Supervisors have the authority in accordance with FmHA Instruction 1965-C, Section 1965.125(a)(2), to consent to a sale for less than the debt if the sale price is not less than the market value of the property. This regulation is revised effective August 24, 1988, which gives FmHA servicing officials authority to pay by voucher authorized selling expenses when there is insufficient or no cash available in the transaction, thereby helping to avoid, to the maximum extent possible, the acquisition of SFH property.

Goals

One of the overall goals in management of inventory property is to have all single family dwellings--those presently in inventory and those being acquired--properly classified as to "program" or "nonprogram" pursuant to the guidelines given in AN 1763(1955). Meeting this goal may require re-evaluation of your present inventory and may necessitate providing additional training and guidance to your field staffs.

The goals for SFH inventory for the coming year are extended on a semi-annual basis to reduce the time in inventory as follows:

Ave. Mo. Held 6/30/88	Reduction Goals for Average months held:	
	Program	Nonprogram
3 or less	-	-
3.1 to 6	-	5%
6.1 to 9	5%	15%
9.1 to 12	15%	30%
12.1 to 15	30%	45%
15.1 to 18	45%	60%
Over 18	60%	75%

It is also a goal, on June 30, 1989, to have no Program property in inventory which was acquired before July 1, 1988, and no NonProgram property in inventory which was acquired before January 1, 1989. We also project goals for the reduction of the number of properties in inventory for each State by June 30, 1989.

If retention time reduction goals are met, transfers are encouraged and the voluntary conveyance policy as outlined above is followed, we estimate the SFH inventory property level will be below 10,000 by June 30, 1989. Continued use of private sector services for securing, repairing, caring for and selling properties is essential. Effective use of advertising, "FOR SALE" signs, bonuses, open houses and other marketing techniques cannot be overemphasized.
KEEP UP THE GOOD WORK !

LOAN SERVICING

Introduction

Fifty states met the goals established for the number of delinquent monthly payment borrowers as of June 30, 1988. This remarkable achievement was made possible only through the diligent efforts of our field personnel. The past year has seen several changes in the SFH program, some of which affected the delinquency rate. The change in the definition of a SFH delinquent account and the sale of approximately 141,000 current loans to the Rural Housing Trust did not adversely impact the SFH delinquency rate. Through all of these changes we have once again experienced a large reduction in the Single Family Housing monthly borrowers' delinquency rate. The national delinquency rate average has continued to decline and was at 7.8 percent as of July 1, 1988.

The establishment of specific State goals have been beneficial in reducing the number and percent of delinquent monthly and annual rural housing borrowers.

Servicing and Supervision

Our nationwide goal is to have no more than 7 percent of all SFH monthly payment borrowers and no more than 10 percent of all SFH annual payment borrowers delinquent by June 30, 1989. We recommend servicing efforts be concentrated in offices where the delinquency rate is above the state or national average. This would help reduce the wide disparity we see in delinquency rates within and between individual States. County Offices that have reached the desired goal should direct their effort toward maintenance of the delinquency rate.

Full consideration should be given to converting delinquent annual payment borrowers who have monthly income to monthly payment borrowers in order to maximize the use of additional partial payment agreements as servicing tools.

Monthly payment servicing goals have been established for each state using the following table and information from FmHA Report 581, "Rural Housing Monthly Payment Delinquency Report" as of July 1, 1988:

<u>Category</u>	<u>Goal</u>
1. 4.9% and below	Do not exceed 4.9%
2. 5.0% through 6.9%	Do not exceed 6.9%
3. 7.0% through 9.9%	7 percent or rate on the July 1, 1988, report minus 10 percent, whichever is higher
4. 10% through 11.4%	July 1, 1988, report rate minus 15 percent
5. 11.5% and above	July 1, 1988, report rate minus 20 percent

Goals for annual payment borrowers were determined using FmHA Report Code 583, "Rural Housing Annual Payment Delinquency Report" as of July 1, 1988, as follows:

<u>Category</u>	<u>Goal</u>
1. 7.9% and below	Do not exceed 7.9%
2. 8% through 9.9%	Do not exceed 9.9%
3. 10% through 13.9%	10 percent or rate on the July 1, 1988, report minus 10 percent, whichever is higher
4. 14% through 19.9%	July 1, 1988, report rate minus 15 percent
5. 20% and above	July 1, 1988, report rate minus 20 percent

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Attachment B
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LOAN MAKING

Section 502 Loan Making Goals

A review of Fiscal Year 1988 (FY-88) Section 502 rural housing (RH) loan processing activity indicates that significant progress was made toward achieving the goal of more balanced obligation of funds in each month of the year. The cumulative obligations for FY-88 were 19% first quarter, 41% second quarter and 70% third quarter.

In order for State Directors to continue to improve the management of the Section 502 RH program, we have provided goals to more evenly distribute the obligation of loan funds throughout the fiscal year. You will notice that we are not setting a goal of obligating 25% each quarter, but have established goals that continue to move us in that direction. These goals are 20% first quarter, 45% second quarter, 75% third quarter and the balance in the fourth quarter. The exhibit shown on page 8, contains the quarterly obligation goals, based on FY-88 allocations, for both very-low income and total 502 fund utilization (low- and very-low). While the percentage goals will remain unchanged, the obligation amounts will be based on FY-89 allocations when known.

The Farm and Housing Activity report continues to show approximately 65,000 Section 502 applications on hand. With this current level of program interest, each office must be sensitive to those needs and respond in a timely manner. The SFH/PD will review Report Code 638 for loan making activity at the county level within each State. The National Office will provide a monthly report showing each State's progress on meeting the goal. State Directors are encouraged to fully utilize available very-low income funds and to meet the Agency's objective in serving rural families through an effective outreach program in FY-89. One factor in considering requests for low-income funds from the National Office reserve will be whether the State has or will meet its very low-income obligation goal. Each State Director must establish management controls to make certain that loans are not processed to the point of approval unless allocated funds are available or prior approval has been received for sufficient National Office reserve funds to obligate the loans.

504 Loan and Grant Activity

It is most important that each State Director emphasize the need for the 504 RH loan program. Your goal should be for each County Office to process at least one loan during the fiscal year. District Directors need to follow up with their respective County Offices during the First Quarter of the Fiscal Year to ascertain what efforts the Supervisor needs to make in order to accomplish this objective. The District Directors should furnish the State Director a report no later than the 1st of January on the results of their efforts.

The amount of 504 RH Grant funds continues to be inadequate to meet the needs. Our review of 504 RH grant dockets indicate that we need to strengthen the "Family Budget". We believe that this effort would greatly increase the use of 504 RH loan funds and save a considerable amount of grant funds for the more "truly needy".

SINGLE FAMILY HOUSING PROPERTY MANAGEMENT GOALS

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ST	NUMBER OF INVENTORY		AVERAGE MONTHS HELD IN INVENTORY					
			PROGRAM			NONPROGRAM		
	6/30/88 ACTUAL	6/30/89 GOAL	6/30/88 ACTUAL	12/31/88 GOAL	6/30/89 GOAL	6/30/88 ACTUAL	12/31/88 GOAL	6/30/89 GOAL
AL	654	570	4.1	4.1	4.1	49.2	30.7	12.3
AK	162	90	16.8	13.2	9.7	9.7	8.6	7.6
AZ	97	70	6.7	6.5	6.4	13.0	10.4	8.0
AR	519	430	7.6	7.4	7.2	7.2	6.6	6.1
CA	188	150	7.9	7.7	7.5	15.8	11.9	8.1
CO	385	250	12.5	11.1	9.7	16.0	12.0	8.1
CT	5	5	9.1	8.9	8.3	6.6	6.1	5.7
DE	18	15	9.0	8.8	8.6	2.6	2.6	2.6
FL	437	290	12.3	10.9	9.7	16.2	12.1	8.1
GA	334	250	11.2	10.3	9.5	13.4	10.6	8.0
HI	3	2	12.2	10.9	9.7	0.0	0.0	0.0
ID	379	280	9.9	9.2	8.6	12.9	10.4	8.0
IL	339	270	7.3	7.1	6.9	6.8	6.2	5.8
IN	519	390	10.1	9.3	8.6	8.0	7.4	6.8
IA	96	80	7.6	7.4	7.2	6.6	6.1	5.7
KS	229	160	13.3	11.5	9.7	7.5	6.9	6.4
KY	343	280	7.4	7.2	7.0	8.9	8.2	7.6
LA	642	440	12.4	11.0	9.7	11.4	9.6	8.0
ME	41	35	9.0	8.8	8.6	6.0	5.8	5.7
MD	66	40	11.4	10.5	9.7	12.7	10.3	8.0
MA	1	1	0.0	0.0	0.0	114.2	71.4	28.6
MI	327	260	8.7	8.5	8.3	7.4	6.8	6.3
MN	165	130	7.3	7.1	6.9	7.4	6.8	6.3
MS	849	650	9.5	9.0	8.6	18.6	13.3	8.1
MO	302	250	7.5	7.3	7.1	5.2	5.0	4.9
MT	158	120	9.6	9.0	8.6	8.2	7.6	7.0
NE	147	110	10.7	9.9	9.1	8.0	7.4	6.8
NV	49	20	26.7	18.0	10.7	7.0	6.4	6.0
NH	2	2	6.5	6.3	6.2	0.0	0.0	0.0
NJ	28	20	8.6	8.4	8.2	8.0	7.4	6.8
NM	292	170	13.9	11.7	9.7	13.5	10.7	8.0
NY	117	50	18.6	14.1	9.7	21.4	14.7	8.1
NC	292	230	8.8	8.6	8.4	14.8	11.4	8.1
ND	223	170	9.3	8.9	8.6	9.5	8.5	7.6
OH	242	180	8.3	8.1	7.9	11.1	9.4	7.8
OK	786	640	8.9	8.7	8.5	10.3	8.9	7.6
OR	272	220	9.4	9.0	8.6	8.3	7.7	7.1
PA	158	120	11.4	10.5	9.7	8.0	7.4	6.8
PR	436	180	20.8	15.2	9.7	18.7	13.3	8.1
RI	0	0	0.0	0.0	0.0	0.0	0.0	0.0
SC	410	340	6.6	6.4	6.3	7.9	7.3	6.7
SD	113	70	12.8	11.2	9.7	16.1	12.1	8.1
TN	452	370	8.0	7.8	7.6	9.2	8.4	7.6
TX	669	460	12.5	11.1	9.7	13.1	10.5	8.0
UT	138	100	11.2	10.3	9.5	14.1	11.0	8.0
VT	5	5	3.9	3.9	3.9	2.7	2.7	2.7
VI	2	1	46.9	32.8	18.8	25.5	16.7	8.1
VA	241	190	7.9	7.7	7.5	11.4	9.6	8.0
WA	230	170	11.0	10.2	9.4	10.2	8.8	7.6
WV	253	200	8.3	8.1	7.9	9.7	8.6	7.6
WPT	1	1	0.0	0.0	0.0	48.3	30.1	12.1
WI	258	170	10.0	9.2	8.6	12.3	10.1	8.0
WY	106	80	10.9	10.1	9.3	7.2	6.6	6.1

SFH SERVICING GOALS THROUGH JUNE 30, 1989

STATE	Monthly Borrowers Delinquent		Annual Borrowers Delinquent	
	Status 7-1-88	Goal 6-30-89	Status 7-1-88	Goal 6-30-89
ALABAMA	1,611	1,827	49	53
ALASKA	95	86	0	0
ARIZONA	217	360	2	8
ARKANSAS	1,516	1,606	235	212
CALIFORNIA	1,910	1,719	18	15
COLORADO	513	436	42	34
CONNECTICUT	135	139	3	3
DELAWARE	126	127	0	1
FLORIDA	1,314	1,294	40	36
GEORGIA	2,021	1,819	170	145
HAWAII	500	450	0	1
IDAHO	624	562	116	99
ILLINOIS	1,071	987	46	39
INDIANA	732	932	18	16
IOWA	530	653	38	41
KANSAS	409	426	40	48
KENTUCKY	1,413	1,476	133	139
LOUISIANA	2,067	1,757	134	107
MAINE	1,100	990	75	81
MARYLAND	421	448	15	18
MASSACHUSETTS	221	249	2	2
MICHIGAN	1,390	1,321	50	40
MINNESOTA	580	593	188	150
MISSISSIPPI	4,443	3,777	841	849
MISSOURI	1,079	1,238	171	145
MONTANA	291	262	41	35
NEBRASKA	387	394	50	45
NEVADA	69	63	2	2
NEW HAMPSHIRE	185	241	6	6
NEW JERSEY	647	582	7	6
NEW MEXICO	741	593	18	17
NEW YORK	1,857	1,578	62	53
NORTH CAROLINA	1,507	1,949	243	397
NORTH DAKOTA	457	411	229	183
OHIO	966	899	19	17
OKLAHOMA	1,746	1,484	176	150
OREGON	520	595	14	13
PENNSYLVANIA	1,218	1,138	45	38
PUERTO RICO	3,896	3,117 *	382	344
RHODE ISLAND	53	61	0	0
SOUTH CAROLINA	1,864	2,194 *	76	68
SOUTH DAKOTA	263	319	154	131
TENNESSEE	2,284	2,056	197	177
TEXAS	3,186	2,708	244	220
UTAH	381	360	27	28
VERMONT	203	225	28	31
VIRGINIA	2,030	1,922	74	67
VIRGIN ISLANDS	197	158	3	4
WASHINGTON	644	580	34	27
WEST PAC TERR	447	443	0	0
WEST VIRGINIA	1,080	972	27	26
WISCONSIN	1,087	978	136	116
WYOMING	252	214	11	10
NATIONAL TOTALS	54,496	51,768	4,731	4,491

* FHMA State Office not required to attain goal due to the Servicing and Collection pilot contract in effect.

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FY-89 DOLLAR OBLIGATION GOALS BASED ON FY-88 AMOUNTS
(dollars in thousands)

STATE	VERY-LOW			TOTAL 502 (VERY LOW & LOW)		
	GOAL 15% 12/31/88	GOAL 35% 3/31/89	GOAL 70% 6/30/89	GOAL 20% 12/31/88	GOAL 45% 3/31/89	GOAL 75% 6/30/89
ALABAMA	1,770	4,131	8,261	5,901	13,277	22,128
ARIZONA	665	1,551	3,102	2,216	4,986	8,309
ARKANSAS	1,322	3,084	6,167	4,405	9,911	16,518
CALIFORNIA	2,415	5,636	11,271	8,051	18,115	30,191
COLORADO	579	1,352	2,703	1,931	4,345	7,242
CONNECTICUT	490	1,144	2,288	1,634	3,677	6,129
DELAWARE	162	377	754	538	1,211	2,019
FLORIDA	1,681	3,923	7,846	5,604	12,609	21,014
GEORGIA	2,282	5,324	10,647	7,605	17,111	28,518
IDAHO	449	1,048	2,095	1,497	3,367	5,612
ILLINOIS	1,972	4,600	9,201	6,572	14,787	24,644
INDIANA	1,827	4,263	8,525	6,089	13,701	22,835
IOWA	1,178	2,748	5,496	3,926	8,833	14,722
KANSAS	882	2,057	4,114	2,938	6,611	11,019
KENTUCKY	2,065	4,818	9,636	6,983	15,486	25,810
LOUISIANA	1,543	3,600	7,201	5,143	11,573	19,238
MAINE	668	1,560	3,119	2,228	5,013	8,356
MARYLAND	756	1,764	3,528	2,520	5,670	9,451
MASSACHUSETTS	818	1,908	3,816	2,726	6,133	10,221
MICHIGAN	2,310	5,389	10,779	7,699	17,322	28,871
MINNESOTA	1,346	3,141	6,282	4,487	10,095	16,826
MISSISSIPPI	1,538	3,589	7,178	5,128	11,537	19,229
MISSOURI	1,652	3,855	7,709	5,507	12,390	20,650
MONTANA	381	890	1,780	1,271	2,861	4,768
NEBRASKA	563	1,314	2,627	1,876	4,222	7,037
NEVADA	135	315	631	450	1,013	1,689
NEW HAMPSHIRE	410	956	1,912	1,366	3,073	5,121
NEW JERSEY	650	1,516	3,032	2,166	4,873	8,122
NEW MEXICO	549	1,281	2,562	1,830	4,118	6,863
NEW YORK	2,314	5,399	10,798	7,713	17,354	28,924
NORTH CAROLINA	3,105	7,246	14,492	10,351	23,291	38,818
NORTH DAKOTA	319	744	1,488	1,063	2,391	3,986
OHIO	2,692	6,282	12,564	8,974	20,191	33,652
OKLAHOMA	1,130	2,637	5,274	3,767	8,476	14,126
OREGON	926	2,160	4,320	3,086	6,943	11,572
PENNSYLVANIA	3,208	7,485	14,970	10,693	24,059	40,098
RHODE ISLAND	103	239	479	342	770	1,283
SOUTH CAROLINA	1,574	3,674	7,347	5,248	11,808	19,679
SOUTH DAKOTA	391	911	1,823	1,302	2,930	4,883
TENNESSEE	1,955	4,561	9,122	6,516	14,660	24,434
TEXAS	3,474	8,106	16,211	11,580	26,054	43,424
UTAH	256	598	1,196	854	1,922	3,203
VERMONT	320	748	1,495	1,068	2,403	4,005
VIRGINIA	1,969	4,594	9,188	6,563	14,766	24,611
WASHINGTON	1,087	2,537	5,074	3,624	8,155	13,592
WEST VIRGINIA	1,272	2,967	5,934	4,238	9,536	15,894
WISCONSIN	1,574	3,671	7,343	5,245	11,801	19,668
WYOMING	228	532	1,064	760	1,710	2,851
ALASKA	243	568	1,135	811	1,825	3,042
HAWAII	221	515	1,030	736	1,656	2,759
W. PACIFIC AREAS	497	1,159	2,318	1,656	3,726	6,209
PUERTO RICO	4,167	9,723	19,445	5,556	12,501	20,834
VIRGIN ISLANDS	183	427	854	610	1,373	2,288
STATE TOTALS	66,266	154,617	309,226	212,543	478,221	797,037

MULTIPLE FAMILY HOUSING PROGRAM MANAGEMENT GOALS
THROUGH JUNE 30, 1989

Introduction

A balanced loan program is to be maintained during FY 1989 so that sufficient resources are allocated to provide for Multiple Family Housing (MFH) loan making and grant making and for MFH servicing and monitoring activities. We must continue our efforts to service and monitor the Rural Rental Housing (RRH), Labor Housing (LH) and Housing Preservation Grant (HPG) program activities while using all these resources to serve areas and families in need of housing assistance.

Loan Servicing and Supervision

During the past year, 60% of the States met or exceeded the reduction goals established by Administrative Notice (AN) 1664, dated October 23, 1987, for Rural Rental Housing loans and 58% of the States met or exceeded the goals for Labor Housing delinquencies. The National average decreased from 16% to 8% for delinquent RRH loans and from 20% to 16% for delinquent LH loans as of June 30, 1988.

Special emphasis must continue to be placed on reviewing accounts to determine if a project is truly delinquent (monetary default) or if there are discrepancies in the AMAS system causing the delinquency. Further, borrower reporting requirements and effective reviews of monthly reports, audits and year-end reports must be a part of our overall servicing efforts. Continual monitoring will be essential to note trends which might lead to additional delinquent accounts and to take corrective action.

A. Discrepancy/Delinquency Reduction Goals To Be Achieved By June 30, 1989 - The RRH and LH goals for FY 1989 are shown on pages 4 and 5. A substantial decrease in delinquencies was realized during the past year; however, we believe some delinquency reduction is still possible in all states and a greater percentage reduction possible in high delinquency States. The State goals were, therefore, calculated by using a sliding scale with States having the greatest delinquency having higher goals to meet.

Attachment C

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Some states should be able to achieve a lower delinquency since some of the reported delinquent accounts are AMAS related discrepancies or, in the case of delinquent LH accounts, unserviceable due to Coleman-Block injunctions.

B. Servicing RRH and LH Accounts - State and District Offices are responsible for the debt management of their MFH loan portfolios in accordance with applicable regulations and instructions. Recent and future issuances of the AMAS newsletter and administrative notices dealing with solving problems and correcting discrepancies and delinquencies should be carefully reviewed when analyzing problem accounts. Special emphasis and innovative methods should be used when servicing borrowers whose projects are in areas economically depressed due to changes in the economy. The National Office, Multiple Family Housing Servicing and Property Management (MHSPM) Division should be consulted for guidance on issues when the use of procedural authorities have been exhausted. AMAS assistance is available from the National Office in the form of visits to the states and training if needed.

C. Delinquency Reduction Plans - Each State is to prepare a State delinquency reduction plan for all delinquent MFH accounts and update it on a quarterly basis in accordance with Section 1965.85(b)(1) of FmHA Instruction 1965-B. The initial plan for each State must be forwarded to the National Office, MHSPM Division, no later than 45 days after the date of this AN. The first quarterly update of the plan will be due in the National Office by February 15, 1989 for the quarter ending December 31, 1988. Subsequent quarterly updates are due 45 days following the end of each quarter. The quarterly updates will be based on the RC 545 Report with the date that corresponds with the quarter ending date. The Delinquency Reduction Plan will be completed in the format shown on pages 6 and 7. Some States did not submit the quarterly reduction plans to the National Office. The receipt of these plans will be closely monitored this year. States which appear to have problems in meeting delinquency goals will be designated for special monitoring and training by the National Office.

D. Managing the Loan and Grant Making Process for the Multiple Family Housing Programs. - States should manage the processing of applications with an overall objective to maximize the use of FmHA appropriated and allocated funds in areas of need. Efforts at the State and District levels should be oriented to processing all applications and making funding decisions in a timely manner. Market feasibility should be determined early in the preapplication stage. Feasible and eligible projects should then be ranked and AD-622's issued as appropriate based on fund availability.

Cost containment standards should continue to be stressed as important in building design and should be followed when working with applicants on developing new MFH projects. We need to be receptive to new ideas that will further our cost containment objectives.

We ask you to carefully plan your loan and grant making activities to facilitate use of funds throughout the year. Please do not delay obligating loan and grant funds until the end of the fiscal year.

E. Monitoring of HPG Grantees - HPG quarterly reports should be requested and promptly reviewed at the end of each quarter to assure that grantees are staying on schedule, serving intended families and providing assistance to appropriate units. After State Office reviews, copies of the reports and review comments are to be forwarded to the National Office.

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RRH PROJECT DELINQUENCY GOALS THROUGH JUNE 30, 1989

STATE	TOTAL PROJECTS 6/30/88	NUMBER DELINQUENT 6/30/88	PERCENT DELINQUENT 6/30/88	DELINQUENT NUMBER GOALS 6/30/89
ALABAMA	450	45	10	31
ALASKA	34	2	6	1
ARIZONA	78	10	13	10
ARKANSAS	253	36	14	25
CALIFORNIA	326	33	10	23
COLORADO	122	20	16	12
DELAWARE	133	7	5	6
FLORIDA	315	32	10	22
GEORGIA	333	27	8	24
HAWAII	17	0	0	0
IDAHO	209	10	5	9
ILLINOIS	688	49	7	44
INDIANA	544	71	13	50
IOWA	948	28	3	25
KANSAS	376	32	9	29
KENTUCKY	266	13	5	12
LOUISIANA	278	34	12	24
MAINE	290	4	1	3
MASSACHUSETTS	126	12	10	8
MICHIGAN	553	44	8	40
MINNESOTA	720	24	3	22
MISSISSIPPI	406	41	10	29
MISSOURI	924	36	4	32
MONTANA	166	12	7	11
NEBRASKA	243	10	4	9
NEW JERSEY	68	16	24	6
NEW MEXICO	67	7	10	6
NEW YORK	334	34	10	24
NORTH CAROLINA	445	5	1	4
NORTH DAKOTA	401	19	5	17
OHIO	327	41	13	29
OKLAHOMA	261	25	10	17
OREGON	178	12	7	11
PENNSYLVANIA	233	23	10	16
PUERTO RICO	44	6	14	4
SOUTH CAROLINA	267	14	5	13
SOUTH DAKOTA	581	22	4	20
TENNESSEE	331	30	9	27
TEXAS	678	107	16	64
UTAH	148	33	22	16
VERMONT	133	15	11	10
VIRGINIA	170	10	6	9
WASHINGTON	245	24	10	17
WEST VIRGINIA	213	17	8	15
WISCONSIN	571	26	5	23
WYOMING	62	4	6	3
NATIONAL TOTALS	14555	1122	8	852

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LH PROJECT DELINQUENCY GOALS THROUGH JUNE 30, 1989

STATE	TOTAL PROJECTS 6/30/88	NUMBER DELINQUENT 6/30/88	PERCENT DELINQUENT 6/30/88	DELINQUENT NUMBER GOAL 6/30/89
ALABAMA	11	2	18	1
ALASKA	0	0	0	0
ARIZONA	14	0	0	0
ARKANSAS	287	35	12	28
CALIFORNIA	53	4	8	3
COLORADO	1	0	0	0
DELAWARE	6	2		1
FLORIDA	15	2		1
GEORGIA	2	0		0
HAWAII	48			1
IDAHO	12		0	0
ILLINOIS	1	1	100	0
INDIANA	1	1	100	0
IOWA	1	1	100	0
KANSAS	2	2	100	1
KENTUCKY	1	0	0	0
LOUISIANA	60	11	18	8
MAINE	14	0	0	0
MASSACHUSETTS	10	1	10	1
MICHIGAN	100	13	13	10
MINNESOTA	1	0	0	0
MISSISSIPPI	241	63	26	32
MISSOURI	1	0	0	0
MONTANA	3	0	0	0
NEBRASKA	4	0	0	0
NEW JERSEY	12	4	33	2
NEW MEXICO	2	0	0	0
NEW YORK	11	1	9	1
NORTH CAROLINA	16	6	38	3
NORTH DAKOTA	2	1	50	1
OHIO	2	1	50	1
OKLAHOMA	6	2	33	1
OREGON	12	2	17	1
PENNSYLVANIA	0	0	0	0
PUERTO RICO	0	0	0	0
SOUTH CAROLINA	78	25	32	12
SOUTH DAKOTA	2	1	50	1
TENNESSEE	88	9	10	8
TEXAS	26	3	12	2
UTAH	2	0	0	0
VERMONT	89	8	9	7
VIRGINIA	6	1	17	1
WASHINGTON	22	3	14	2
WEST VIRGINIA	0	0	0	0
WISCONSIN	8	1	13	1
WYOMING	0	0	0	0
NATIONAL TOTALS	1274	206	16	131

ATTACHMENT C
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STATE

GOALS 6-30-89: RRH LH

[illegible]

TOTAL EQUALS NUMBER ON RC 621

ADDITIONAL COMMENTS:

COMMUNITY PROGRAMS SERVICING GOALS THROUGH JUNE 30, 1989

INTRODUCTION

Community Programs has historically maintained a good record of account supervision. Today's challenge serves to emphasize the importance of clearly defined servicing goals if we are to continue our record of effective service to rural America. To that end, we are reemphasizing Community Programs' servicing goals.

LOAN SERVICING

Good loan servicing begins at the time a loan is obligated. Community Program funds are allocated to each State based on formulas which provide an equitable distribution of funds. Each State Director is expected to use available program funds, personnel resources, and approved contract services in line with sound loanmaking practices to provide financial assistance in rural areas. State Directors are encouraged to take action to promptly process eligible preapplications/applications and develop an effective public information program.

It is the responsibility of FmHA to provide management assistance which will ensure borrower success and compliance with appropriate FmHA instructions.

The FmHA servicing official will review and approve each borrower's accounting and financial reporting system prior to loan closing or start of construction. Borrowers are to be closely monitored to assure that management reports are prepared in accordance with FmHA Instruction 1942-A, section 1942.17(q)(2). The initial review of the borrower's records and accounts will be made in accordance with section 1942.17(r)(1)(ii)(A). Subsequent reviews will be made for all delinquent borrowers and other borrowers having financial problems on at least a quarterly basis in accordance with section 1942.17(r)(1)(ii)(B).

The servicing official will ensure that all borrowers are promptly and properly notified of the amount and due date of payments. Furthermore, the servicing official will be responsible for monitoring the timely receipt of payments. All available servicing tools should be used in servicing delinquent and/or problem case accounts in accordance with applicable FmHA instructions.

In cases where multiple advances are used, the servicing official should review Form FmHA 451-26, "Transaction Record," and Report Code 584, "Listing of Accounts with Bond Payments Due," to verify that all multiple advances have been properly accounted for and the correct amount due is collected.

Delinquency goals established for each State are attached. We believe these goals are realistic and attainable through proper application of the servicing tools provided in applicable instructions.

Attachment D
Page 2

In establishing 1989 delinquency goals for Water and Waste Disposal borrowers, each State's 1988 accomplishment was measured against the delinquency as of June 30, 1988. The 1988 goals that were exceeded or not met were taken into account in establishing the 1989 goals. Consideration was also given to States with "hard core" delinquent loans which have been properly serviced, along with delinquent loans where legal action is pending.

In establishing the delinquency goals for Community Facilities, Recreation, Watershed, Indian Tribal Land Acquisition, Shift-in-Land Use (Grazing), Irrigation and Drainage, Unincorporated EO Cooperative and Resource Conservation and Development borrowers, each delinquent account was reviewed and a decision made regarding the goals for each State. History of the delinquency and the amount of delinquency are the major factors considered in reviewing the accounts.

Accounts with small delinquencies are expected to be paid current. Closer review and confirmation of billings must be done before notifying borrowers of amounts due for the year. Borrowers who have a delinquency but are making progress should be considered for reamortization. Those delinquent borrowers who have tax levying authorities should be encouraged to use those authorities in bringing their account to a current status.

The delinquent loan status as of June 30, 1988, was taken from Report Code 616, "Active Borrowers Delinquent," furnished by the Finance Office.

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WATER AND WASTE DISPOSAL SERVICING GOALS
THROUGH JUNE 30, 1989

	DELINQUENT BORROWERS*	
	STATUS	GOAL
	6/30/88	6/30/89
ALABAMA	8	4
ARIZONA	1	0
ARKANSAS	1	1
CALIFORNIA	7	2
COLORADO	1	0
DELAWARE	0	0
MARYLAND	0	0
FLORIDA	0	0
GEORGIA	2	2
IDAHO	0	0
ILLINOIS	2	2
INDIANA	6	5
IOWA	1	1
KANSAS	5	2
KENTUCKY	1	0
LOUISIANA	6	3
MAINE	0	0
MASSACHUSETTS	1	0
CONNECTICUT	0	0
RHODE ISLAND	0	0
MICHIGAN	0	0
MINNESOTA	1	0
MISSISSIPPI	3	2
MISSOURI	0	0
MONTANA	1	1
NEBRASKA	0	0
NEW JERSEY	0	0
NEW MEXICO	1	0
NEW YORK	3	0
NORTH CAROLINA	0	0
NORTH DAKOTA	2	0
OHIO	0	0
OKLAHOMA	12	3
OREGON	0	0
PENNSYLVANIA	7	5
SOUTH CAROLINA	0	0
SOUTH DAKOTA	1	1
TENNESSEE	3	2
TEXAS	9	6
UTAH	0	0
NEVADA	0	0
VERMONT	0	0
NEW HAMPSHIRE	0	0
VIRGIN ISLANDS	0	0
VIRGINIA	2	2
WASHINGTON	3	0
WEST VIRGINIA	5	4
WISCONSIN	0	0
WYOMING	0	0
ALASKA	1	0
HAWAII-AM.SAMOA	0	0
W PACIFIC TERR.	0	0
PURETO RICO	0	0
NATIONAL TOTAL	96	48

*6/30/88 Status from Report Code 616

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COMMUNITY FACILITIES DIVISION SERVICING GOALS
THROUGH JUNE 30, 1989
DELINQUENT BORROWERS (1)

	CF Status Goal 6/30/88 6/30/89		REC Status Goal 6/30/88 6/30/89		WS Status Goal 6/30/88 6/30/89		RC&D Status Goal 6/30/88 6/30/89	
ALABAMA	1	0						
ARIZONA	1	0						
ARKANSAS								
CALIFORNIA	2	1						
COLORADO	1	1						
DELAWARE								
MARYLAND								
FLORIDA	1	0			1			
GEORGIA			1	1				
IDAHO			1	1			3	2
ILLINOIS	3	1	1	1				
INDIANA	2	0			1	0		
IOWA	2	1	1	0				
KANSAS					1	0		
KENTUCKY	1	0						
LOUISIANA	1	1						
MAINE	1	1	1					
MASSACHUSETTS	1	0						
CONNECTICUT								
RHODE ISLAND								
MICHIGAN	2	2			1	1		
MINNESOTA								
MISSISSIPPI	1	0	1	0	1	0		
MISSOURI			1	1				
MONTANA							1	0
NEBRASKA	1	0	2	1				
NEW JERSEY								
NEW MEXICO			1	0			2	1
NEW YORK	4	2	2	0				
NORTH CAROLINA								
NORTH DAKOTA	1	0						
OHIO								
OKLAHOMA	1	1	1	0	1	0		
OREGON	1	0					2	1
PENNSYLVANIA	2	0	2					
SOUTH CAROLINA								
SOUTH DAKOTA	1	1	1	0				
TENNESSEE	3	1	2	1	1	0		
TEXAS	7	5	4	2				
UTAH								
NEVADA								
VERMONT								
NEW HAMPSHIRE								
VIRGIN ISLANDS								
VIRGINIA							1	0
WASHINGTON			1	1			1	1
WEST VIRGINIA	2	1						
WISCONSIN	2	0	1					
WYOMING								
ALASKA								
HAWAII-AM.SAMOA							1	1
W.PACIFIC TERR.								
PUERTO RICO								
TOTALS	45	19	24	9	7	1	11	6

(1) June 30, 1988, status from Report Code 616

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COMMUNITY FACILITIES DIVISION SERVICING GOALS
THROUGH JUNE 30, 1989
DELINQUENT BORROWERS (1)

	IND. TRIBAL		EO CO-OP		I&D		GRAZING	
	Status	Goal	Status	Goal	Status	Goal	Status	Goal
	6/30/88	6/30/89	6/30/88	6/30/89	6/30/88	6/30/89	6/30/88	6/30/89
ALABAMA								
ARIZONA								
ARKANSAS			1	0	1	1	1	1
CALIFORNIA								
COLORADO					1	0		
DELAWARE								
MARYLAND								
FLORIDA								
GEORGIA								
IDAHO					9	6	2	1
ILLINOIS								
INDIANA								
IOWA								
KANSAS	1	1						
KENTUCKY								
LOUISIANA								
MAINE								
MASSACHUSETTS								
CONNECTICUT								
RHODE ISLAND								
MICHIGAN								
MINNESOTA								
MISSISSIPPI							1	0
MISSOURI								
MONTANA					1		5	4
NEBRASKA							2	1
NEW JERSEY								
NEW MEXICO			1	0	1	1	2	1
NEW YORK								
NORTH CAROLINA								
NORTH DAKOTA								
OHIO								
OKLAHOMA							1	1
OREGON					1	0	2	1
PENNSYLVANIA								
SOUTH CAROLINA			1	0				
SOUTH DAKOTA					3	3		
TENNESSEE			1	0				
TEXAS							1	1
UTAH								
NEVADA								
VERMONT								
NEW HAMPSHIRE								
VIRGIN ISLANDS								
VIRGINIA								
WASHINGTON							1	1
WEST VIRGINIA								
WISCONSIN								
WYOMING							1	1
ALASKA								
HAWAII-AM. SAMOA					2	2		
W. PACIFIC TERR.								
PUERTO RICO								
TOTALS	1	1	4	0	19	13	19	13

(1) June 30, 1988, status from Report Code 616

BUSINESS AND INDUSTRY PROGRAM

SERVICING GOALS

THROUGH JUNE 30, 1989

INTRODUCTION

Specific plans must be established to achieve the Farmers Home Administration (FmHA) Business and Industry (B&I) mission. Heavy emphasis should be placed on loan processing and servicing.

LOAN PROCESSING

B&I loanmaking for fiscal year 1989 should be directed toward stimulating employment in rural areas.

The public, lenders, community organizations and local Governments should be made aware of the opportunities available under the B&I program. Emphasis should be placed on those B&I loans that will yield the greatest employment/cost benefit.

LOAN SERVICING AND SUPERVISION

B&I guaranteed loan delinquency rates as of June 30, 1988, increased nationally by .6 percent over the same period 1-year ago, and we need to improve our servicing efforts. The reduction in the number of delinquent B&I loans and the prevention of delinquent loans continue to be a high priority of Community and Business Programs. Bearing these factors in mind, the attached table shows:

1. The number of delinquent borrowers as of June 30, 1988.
2. June 30, 1989, goal for number of delinquent borrowers.

The methodology used in establishing goals for individual State Offices include:

1. The type of portfolio and the economics involved in the State.
2. State delinquency as compared to national delinquency rate.

Recommended actions within the State to meet the established goals include:

1. Assign sufficient staff to accomplish servicing actions.

Attachment E

Page 2

2. Confine appropriate staff to specific servicing activities.
3. "Earmark" definite travel funds to accomplish needed servicing field trips.
4. Establish realistic objectives, tasks and scheduling to work toward meeting and exceeding the delinquency goals for your State.
5. Work closely with lenders as they service loans in bankruptcy or liquidate loans to maximize recovery.
6. Require regular field trips, lender interviews and site inspections by Chief and/or Specialist on problem and delinquent accounts.
7. Review monthly the progress being made and document properly.
8. Require the lender to meet its servicing responsibilities, especially during bankruptcy and other problem loans.
9. As required by FmHA Instruction 1980-E, section 1980.497(a), seek the early advice of the Regional Attorney on all bankruptcy cases, workouts and liquidations.

Since economic conditions are improving, we expect to see a marked reduction in the number of delinquent loans within the next 12 months. The reductions are reflected as goals in the attached table. I expect each of you to review these goals and take any necessary action to be sure they are met or surpassed.

**Business and Industry Program Management
and Servicing Goals**

State Office	Delinquency Goals for 6/30/88 in No. of Borrowers Not to Exceed	Accomplish- ment of Goals Above or Below	Delinquency as of 6/30/88 Number	Delinquency Goals for 6/30/89 in No. of Borrowers Not to Exceed
Alabama	4	+3	7	5
Alaska	1	+5	6	3
Arizona	2	0	2	2
Arkansas	9	+5	14	12
California	3	+2	5	3
Colorado	4	+6	10	6
Del/Md	0	0	0	0
Florida	1	+1	2	1
Georgia	9	+1	10	8
Hawaii	0	0	0	0
Idaho	3	-1	2	2
Illinois	4	+2	6	4
Indiana	4	+1	5	4
Iowa	5	0	5	4
Kansas	4	+1	5	4
Kentucky	6	+4	10	7
Louisiana	25	+7	32	26
Maine	2	+3	5	3
Mass/Conn/RI	1	+1	2	0
Michigan	6	0	6	5
Minnesota	4	-1	3	3
Mississippi	6	0	6	4
Missouri	3	0	3	3
Montana	6	0	6	5
Nebraska	2	+2	4	2
New Jersey	1	-1	0	0
New Mexico	2	+3	5	3
New York	12	+4	16	10
N. Carolina	9	-4	5	5
N. Dakota	8	-1	7	8
Ohio	4	0	4	4
Oklahoma	6	-3	3	3
Oregon	4	0	4	3
Pennsylvania	3	0	3	1
Puerto Rico	11	+4	15	12
S. Carolina	7	+4	11	8
S. Dakota	5	+1	6	4
Tennessee	10	0	10	8
Texas	23	+17	40	23
Utah/Nev.	4	+1	5	4
VT/N.H./V.I.	6	0	6	4
Virginia	1	+1	2	1
Washington	1	0	1	1
W. Virginia	11	0	11	10
Wisconsin	11	-2	9	8
Wyoming	4	0	4	4
Total	257	+66	323	240